

COMMERCIAL BANK PORTFOLIO MANAGEMENT :  
A CASE STUDY OF **BANK BUMIPUTERA**  
MALAYSIA (1991-1997)

A Masters project submitted to Graduate school  
In partial fulfillment of the requirement for the degree  
Master of Science ( Management )

By

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## **Abstrak**

### **PENGURUSAN FOTFOLIO BANK PERDAGANGAN : KAJIAN KES BANK BUMIPUTERA MALAYSIA BERHAD DIANTARA TAHUN 1991-1997**

Kajian yang dijalankan adalah merupakan satu kajian permulaan untuk mengkaji keberkesanan pengurusan aset dan tanggungan yang terdapat pada Bank Bumiputera Malaysia Berhad (BBMB) di antara tahun 1991 hingga 1997. Kajian juga memberi penekanan kepada aspek yang luas dalam penganalisaan, kecekapan mengurus aset dan tanggungan hasil daripada kajian yang dibuat ke atas laporan kewangan tahunan BBMB.

Hasil kajian mendapati bahawa kualiti aset yang terdapat pada BBMB adalah agak rendah berbanding dengan bank-bank perdagangan yang lain di Malaysia. Nisbah kuantiti pinjaman tidak berbayar juga agak tinggi bagi BBMB.

Terdapat juga ketidak selanjaran perhubungan diantara kadar pertumbuhan simpanan di bank dengan kadar jumlah pinjaman yang dikeluarkan. Keuntungan bank, risiko dan nilai kecairan adalah implikasi yang terhasil daripada pengurusan pelbagai aset dan tanggungan. Di dalam merealisasikan objektif untuk mencapai keuntungan dan kecairan, pihak pengurusan bank perlu melaksanakan kaedah pengurusan aset dan tanggungan secara lebih berhati-hati, meningkatkan tahap pengawalan, berusaha ke arah pendekatan yang lebih sistematik bertujuan untuk menjamin perkembangan institusi perbankan.

## **Abstract**

### **A COMMERCIAL BANK PORTFOLIO MANAGEMENT : A CASE STUDY OF BANK BUMIPUTERA MALAYSIA BERHAD BETWEEN 1991-1997.**

This is a pioneering attempt to examine the asset-liability management( ALM) of Bank Bumiputera Malaysia Berhad as a specific case study over the period of 1991-1997. The study provides a broad framework for the analysis of ALM performance of the bank extracted through economic interpretation of the bank's balance sheet and annual reports. The study suggests that the asset quality of the Bank Bumiputera has been somewhat low in comparison to other major bank in Malaysia. Its Proportion of non-performing loans( NPL) is also on higher side. There is also an indication of mis-match between the growth of deposits and advances by the bank over the years. Profitability, risk and liquidity implications involved in different item of liabilities and assets for a sound management. In reconciling the conflicting goals such as liquidity and profitability requires a better attention, caution, care, control, consideration and coordinated approach in the future ALM action of the bank management.

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## LIST OF ABBREVIATIONS

AA	:	Total Asset of Commercial Bank
AD	:	Total Deposit
ADB	:	Aggregate Deposit of Com.Bank
ALM	:	Asset and Liability management
ATM	:	Automated teller machine
BBMB	:	Bank Bumiputera Malaysia Berhad
BLR	:	Base Landing Rate
BNM	:	Bank Negara Malaysia
CD	:	Certificate of deposit
CH	:	Cash Balance
CR	:	Credit
DD	:	Demand Deposit
FA	:	Fixed Asset
FD	:	Fixed deposit
ILP	:	Immediate Liquidity position
LA	:	Loans and Advances
LR	:	Liquidity Ratio
MC	:	Money at Call
NCD	:	Negotiable Certificate of Deposit
NIM	:	Net Interest Margin
NPL	:	Non Performing Loan
ROA	:	Return on Asset
ROC	:	Return on Capital
RP	:	Repurchase Agreement
RSR	:	Rate Sensitive Ratio
SD	:	Saving deposit
SRR	:	Statutory Reserve Requirement
TA	:	Total Asset
TC	:	Total cash
TD	:	Time Deposit
TL	:	Total Liabilities
TMA	:	Total Monetary Asset

# **CHAPTER 1**

## **INTRODUCTORY**

### **1.1 Problem Statement**

Banking sector is a vital sector of the financial system, which touches the life of most individuals, households, and business in modern economy. A commercial bank is a dealer in money. Its main operation is confined to business loan. A bank is, however, a profit oriented business firm. Banking progress depends on trust and confidence of the public. It is acquired by liquidity, i.e, readiness of the bank to pay cash in time when demanded. The banking objectives such as liquidity and profitability are conflicting in nature. This has to be reconciled through a prudent portfolio management.

Bank management specifically involves a comprehensive treatment of all the issues related to managing bank portfolio of liquid assets securities, loan and other aspect of credit development. The objective of portfolio management is to maximize earnings while keeping risks within limit and maintaining adequate liquidity.

Bank Bumiputra Malaysia Berhad (BBMB) is a commercial bank of strategic and social importance in the national economy of Malaysia which was established by the government in October 1965, with specific motive to assist bumiputra in business by providing them with capital and banking expertise. A whole range of banking facilities was thus made available by the bank with its



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